SWEDISH ORIENT LINE

Press release, 26 February, 2001
from Svenska Orient Linien AB (publ)

Report on Final Accounts for 2000

- ***Major restructuring of business operations***
- ***Result before tax MSEK –51 (-194) including restructuring costs and exchange losses on repayment of loans***
- ***Equity/assets ratio 31% (15)***
- ***No dividend proposed***
- ***All bank loans repaid***
- ***Profit expected in 2001***

Operations

After winding up its reefer operations in December, 1999, SOL is now a dedicated liner shipping company. SOL's core business is liner shipping, which it has been engaged in for 90 years, between the Nordic countries and the eastern Mediterranean. Since 1 October, 2000, this service has been operated via a joint venture, SolNiver Lines, with SOL holding 60% of the shares, and is based on four RoRo vessels which are supplemented by chartered tonnage when the need arises.

SOL also operates a container service between the Nordic countries and southern Africa and carries out liner agencies operations for traffic to and from West Africa as well as international project transports.

Significant events in 2000

2000 was characterised by sweeping rationalisation measures including:

***Strategic collaboration*:** SOL has formed a joint venture together with Scan Orient Shipping Co. Ltd, a subsidiary of the Greek shipping company Niver Lines. SOL owns 60% of the shares in this new company, SolNiver Lines, which took over its two owners' liner services between the Nordic countries and the Mediterranean on 1 October. As a result, the company is the largest RoRo service operator in this traffic area.

The resources of the two shipping companies are coordinated in the new company and SolNiver Lines is the joint strategic partner also for the Swedish and Finnish export industries. Marketing and bookings are carried out by agents in the countries where SOL is the general agent for Scandinavia, the Baltic States and the UK.

The shipping company's operations are primarily based on tonnage signed to long-term charters and supplemented, when necessary, with external tonnage. At present, SolNiver Lines operates five vessels. Four of these are the RoRo vessels, which formed the basis of SOL's previous liner traffic and have now been chartered to SolNiver Lines. This collaboration means that larger transport volumes can be coordinated more efficiently, which will result in better service to customers and better utilisation of joint resources. This is expected to lead to substantially improved profitability.

***Rationalisation*:** Parallel with the establishment of SolNiver Lines, sweeping rationalisation measures have been instituted in the remaining SOL organisation resulting in personnel reductions of about 25% over and above the personnel transferred to SolNiver Lines.

***Lower ship costs in the future*:** During the last quarter, SOL transferred all four RoRo vessels in accordance with the contract of sale signed in May. The total proceeds of the sale, MUSD 43.5, have enabled SOL to repay all its bank loans in addition to receiving a capital infusion of about MSEK 10.

At the same time, a long-term contract has been signed according to which the vessels will continue to sail on a T/C basis for SOL for seven years. As a result of the agreement, future ship costs will be reduced by about MSEK 10-15 per year depending on the SEK/USD exchange rate.

***Sale of shares in Sea Partner*:** During the year, SOL sold its 50% holding in the ship management company Sea Partner. The sale was a natural consequence of the decision to sell the RoRo vessels and to concentrate on liner shipping. The sale had a positive impact on liquidity and generated a capital gain of about MSEK 2.

***Traffic collaboration and new agency*:** In November, SolNiver Lines signed an agreement with the Polish shipping company Pol-Levant Shipping Lines Ltd covering traffic collaboration between the Nordic countries and the Mediterranean. Pol-Levant has appointed SOL as its agent in Sweden, which means that SOL can offer its customers services to a larger number of destinations. SOL estimates that its cargo volumes on an agent basis from Sweden to the Mediterranean will increase by about 50% as a result.

Consolidated result

The consolidated result, before tax, was MSEK -51 (-194).

The sale and subsequent rechartering of the RoRo vessels is shown as a sale and an operational leasing, respectively, and not as a financial leasing, even though the vessels have been rechartered for a period of seven years, since the vessels are judged to have a considerably longer remaining life. Accordingly, the whole exchange loss incurred when redeeming the ship plus the capital gain on the sale of the ships have been included in the accounts for 2000. This means that an additional MSEK 19 has been added to the loss of MSEK 25-35 for the year assumed in the forecast, published on 25 October. At the same time, the choice of operational leasing will result in about MSEK 3 lower costs per year during the charter period. The choice of method does not affect liquidity.

The result includes MSEK 13 in restructuring costs of a non-recurring nature. These are chiefly related to personnel reductions, payments of pension premiums and changes of agents.

The result for the year also includes MSEK 17, which is the amount, calculated according to the present value method, of the total of MSEK 21 in the form of a refund from the insurance company Alecta (formerly SPP).

The operating result was negatively affected by steeply rising bunker prices, traffic disruptions in Israeli ports and continued low freight rates as a result of overcapacity in the traffic area. The higher bunker prices have resulted in about MSEK 26 in additional costs for SOL. Bunker surcharges have only partially compensated for this.

Transport volumes increased during the last quarter as a result of the strategic collaboration in SolNiver Lines. However, the effect on the result during the year was limited due to establishment and start-up costs.

The container service between the Nordic countries and southern Africa and the international project assignments generated a substantially higher profit, MSEK 6 (1) before capital gains, compared with the previous year.

In the consolidated result for the year, about MSEK 5 have been reserved as a result of the retroactive adjustments of the result of the traffic pool in which SOL's reefers participated in 1999. However, SOL has not accepted these adjustments.

Financial position

On 31 December, consolidated liquid funds, including unutilised credit facilities, amounted to MSEK 33 (26).

In February, 2000, a new issue of shares was floated, providing the Group with a net capital infusion of MSEK 47. During the years, loans totalling MUSD 47 were repaid, which means that SOL has no outstanding loans. Investments during the year amounted to about MSEK 1 (2).

MSEK 5 of the approx. MSEK 21 refund to be paid out by Alecta have so far been paid out in cash. A portion of the remaining amount is expected to be paid out in the first half of 2001 to cover the pension premiums for the early retirement of employees at the end of the year.

When the ongoing liquidation of the reefer subsidiaries has been registered, which is expected to be completed during the first half of 2001, and after losses in 2000, the Group's unutilised loss deductions are estimated to amount to about MSEK 325.
The equity/assets ratio in the Group was 31% (15).

Parent Company

The Parent Company's sales amounted to MSEK 15 (18). The result before allocations and tax was MSEK -31 (-165). The result includes the write down of shares in subsidiaries in an amount of MSEK 25.

Total assets were MSEK 77 (200) and shareholders' equity was MSEK 58 (62), which corresponds to an equity/assets ratio of 76% (31).

Liquid funds amounted to MSEK 13 (13). During the year, loans totalling more than MUSD 9 were repaid and MSEK 13 was paid in the form of working capital and initial capital in SolNiver Lines.

Future prospects

Streamlining business operations by winding up the reefer shipping operation and the flotation of a new issue of shares created the necessary conditions for developing the business and once again showing a profit.

The collaboration initiated with Scan Orient and Pol-Levant will generate substantial commercial advantages as a result of higher transport volumes, which will result in greater efficiency. For SOL, this represents, together with lower ship costs in the future and other cost rationalisation measures, improved long-term profitability. In addition, the positive trend for container traffic to and from southern Africa and international project assignments is expected to continue. Accordingly, a profit is anticipated for 2001.

Dividend

The Board proposes that no dividend be distributed for the fiscal year 2000.

Annual General Meeting

The Annual General Meeting will be held on 3 May, 2001, at 4 p.m. at SOL's office in Gothenburg, Sweden.

Financial information

The Annual Report for 2000 will be distributed at the beginning of April and can be ordered from the Company.

The following information on the Company's business will be published in 2001:

Interim Report, January - March	3 May, 2001
Interim Report, January - June	13 August, 2001
Interim Report, January – September	29 October, 2001
Preliminary Report, 2001	February, 2002
Annual Report, 2001	April, 2002

Gothenburg, 26 February, 2001

SVENSKA ORIENT LINIEN AB (publ)
The Board of Directors

Consolidated income statement

All figures in MSEK	**2000**	1999
Shipping sales	**469**	630
Other income	**17**	-
Operating and administrative costs	**-445**	-552
Personnel costs	**-31**	-35
Restructuring costs	**-13**	-
Sale of fixed assets	**4**	-133
OPERATING RESULT BEFORE DEPRECIATION	**1**	-90
Depreciation	**-27**	-70
OPERATING RESULT AFTER DEPRECIATION	**-26**	-160
Net financial items	**-25**	-34
RESULT AFTER NET FINANCIAL ITEMS	**-51**	-194
Actual tax	**-**	-
Deferred tax	**-**	24
NET RESULT	**-51**	-170

Consolidated balance sheet

All figures in MSEK	**2000**	1999
Vessels	**-**	414
Other fixed assets	**22**	11
Current assets	**67**	125
Liquid funds	**20**	26
TOTAL ASSETS	**109**	576
Shareholders' equity	**34**	59
Provisions	**2**	1
Long-term liabilities	**4**	320
Current liabilities	**69**	196
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**109**	576

Consolidated cash-flow analysis

All figures in MSEK		**2000**	1999
Liner operations		**-10**	36
Other		**-24**	-34
CASH FLOW		**-34**	2
Change in working capital		**-23**	-3
CASH FLOW FROM OPERATIONS		**-57**	-1
Investment activities		**500**	216
Financing activities	- new share issue	**47**	-
	- amortisation	**-498**	-228
	- other	**2**	-
CHANGE IN LIQUID FUNDS		**-6**	-13

Key ratios and per-share data

		2000	1999
Equity/assets ratio	*%*	**31**	15
Return on capital employed	*%*	**neg.**	neg.
Return on shareholders' equity	*%*	**neg.**	neg.
Shareholders' equity per share	*SEKr*	**0.68**	1.70
Result per share	*SEKr*	**-1.03**	-2.40
Operating cash flow per share	*SEKr*	**-0.49**	-0.40
Number of shares	*thousand*	**49 720**	24 860

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